

**INDEPENDENT TELEVISION
SERVICE, INC.
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020
(WITH INDEPENDENT AUDITORS' REPORT THEREON)**

**INDEPENDENT TELEVISION SERVICE, INC.
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Independent Television Service, Inc.
San Francisco, California

We have audited the accompanying financial statements of Independent Television Service, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Independent Television Service, Inc as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Report on Summarized Comparative Information

We have previously audited the Independent Television Service, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 3, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Grant & Smith, LLP

Oakland, California

March 16, 2021

INDEPENDENT TELEVISION SERVICE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2020
(Summarized Totals for 2019)

ASSETS	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Current Assets				
Cash & Cash Equivalents (Note 2)	\$ 300	\$ 4,317,320	\$ 4,317,620	\$ 6,999,177
Investments (Note 3)	4,219,355	2,940,535	7,159,890	7,242,899
Grants Receivables - CPB (Note 4)		12,462,327	12,462,327	10,994,467
Grants Receivables - Other (Note 4)		2,380,000	2,380,000	775,000
Prepaid Expenses & Deposits	110,000	4,638	114,638	114,145
Total Current Assets	4,329,655	22,104,820	26,434,475	26,125,688
Fixed Assets				
Office Furniture & Equipment (Note 5)	161,500		161,500	89,021
Leasehold Improvements (Note 5)	1,281,277		1,281,277	1,281,276
Less: Accumulated Depreciation	(676,782)		(676,782)	(536,550)
Net Fixed Assets	765,995		765,995	833,747
Total Assets	\$ 5,095,650	\$ 22,104,820	\$ 27,200,470	\$ 26,959,435
LIABILITIES & NET ASSETS				
Current Liabilities				
Accounts Payable & Accrued Expenses	\$ 104,000	\$ 599,681	\$ 703,681	\$ 789,184
Accrued Vacation	473,448		473,448	414,581
Contracts Payable (Note 6)		7,863,085	7,863,085	5,843,709
Current Portion of Loan Payable (Note 7)	116,731		116,731	111,907
Total Current Liabilities	694,179	8,462,766	9,156,945	7,159,381
Non-Current Liabilities				
Non Current Portion of Loan Payable (Note 7)	728,113		728,113	839,441
Less Current Portion of Loan Payable	(116,731)		(116,731)	(111,907)
Total Non-Current Liabilities	611,382		611,382	727,534
Net Assets (Note 8)	3,790,089	13,642,054	17,432,143	19,072,520
Total Liabilities & Net Assets	\$ 5,095,650	\$ 22,104,820	\$ 27,200,470	\$ 26,959,435

INDEPENDENT TELEVISION SERVICE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(Summarized Totals for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total All Funds	Total
Support & Revenue				
Corporation for Public Broadcasting	\$ -	\$ 17,513,666	\$ 17,513,666	\$ 17,772,371
Grants & Contributions		4,462,479	4,462,479	6,563,505
Investment Income Net	177,397		177,397	136,493
Ancillary Income	254,589		254,589	157,539
Other Income	4,255		4,255	12,879
Net Assets Released from Restrictions (Note 9)	23,929,644	(23,929,644)		
Total Support & Revenue	<u>24,365,885</u>	<u>(1,953,499)</u>	<u>22,412,386</u>	<u>24,642,787</u>
Operating Expenses				
Program Services:				
Licensing Fees & Production Costs	10,378,432		10,378,432	8,723,304
Communication	3,518,735		3,518,735	4,635,752
Programming	976,858		976,858	1,062,660
Business Affairs	453,507		453,507	513,814
Special Projects	6,402,112		6,402,112	2,783,714
Management & General	2,203,028		2,203,028	2,200,541
Other	120,091		120,091	841,639
Total Expenses	<u>24,052,763</u>		<u>24,052,763</u>	<u>20,761,424</u>
Changes in Net Assets	313,122	(1,953,499)	(1,640,377)	3,881,363
Net Assets, Beginning of Year	<u>3,476,967</u>	<u>15,595,553</u>	<u>19,072,520</u>	<u>15,191,157</u>
Net Assets, End of Year	<u>\$ 3,790,089</u>	<u>\$ 13,642,054</u>	<u>\$ 17,432,143</u>	<u>\$ 19,072,520</u>

**INDEPENDENT TELEVISION SERVICE INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(Summarized Totals for 2019)**

	2020								2019	
	Licensing Fees & Production Costs	Communications	Programming	Business Affairs	Special Projects	Total Program Expenses	Management & General	Other	Total	Total
EXPENSES										
Licensing Agreements	\$ 7,965,113				\$ 3,233,660	\$ 11,198,773			\$ 11,198,773	\$ 8,443,106
Salaries, Benefits & Taxes	1,924,437	\$ 2,313,867	\$ 749,275	\$ 379,742	1,326,439	6,693,760	\$ 1,534,090		8,227,850	7,488,130
Conferences, Meetings & Special Events	10,000	90,195	6,250	1,042	50,740	158,227	52,324		210,551	408,968
Equipment Costs	567	32,766	4,995	21,628	593,188	653,144	146,216		799,360	801,568
Insurance Expense						-	58,876		58,876	68,129
Interest Expense						-	34,092		34,092	38,687
Office Expenses	9,508	13,564	3,777	2,531	16,731	46,111	17,741		63,852	58,121
Office Lease & Storage	154,377	184,320	53,760	38,400		430,857	245,955		676,812	692,206
Outreach Expenses	9,338	138,043	102	1,036	75,000	223,519	5,072		228,591	174,967
Packaging	87,337	1,150			325,969	414,456			414,456	341,462
Panels/Readers			34,693			34,693			34,693	44,978
Postage and Delivery	4,642	5,579	44	195		10,460	1,555		12,015	23,415
Producer Orientation & Handbook			112,931			112,931			112,931	139,973
Professional Services	24,570	181,703	2,281	8,533	759,953	977,040	92,461	\$ 120,091	1,189,592	900,849
Promotion & Web	146,888	518,855				665,743	1,174		666,917	843,569
Telephone/Fax	1,355	1,740	484		20,432	24,011	12,447		36,458	50,408
Travel Expenses	40,300	36,953	8,266	400		85,919	1,025		86,944	242,888
TOTAL EXPENSES	<u>\$ 10,378,432</u>	<u>\$ 3,518,735</u>	<u>\$ 976,858</u>	<u>\$ 453,507</u>	<u>\$ 6,402,112</u>	<u>\$ 21,729,644</u>	<u>\$ 2,203,028</u>	<u>\$ 120,091</u>	<u>\$ 24,052,763</u>	<u>\$ 20,761,424</u>

INDEPENDENT TELEVISION SERVICE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(With Summarized Totals for 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ (1,640,377)	\$ 3,881,363
Adjustments to Reconcile to Changes in Net Assets to Net Cash Provided by Operating Activities:		
<i>(Increases)/Decreases in Operating Assets</i>		
Depreciation	140,232	128,127
Grants Receivable	(3,072,860)	5,176,042
Prepaid & Security Deposit	(493)	(2,060)
<i>Increases/(Decreases) in Liabilities</i>		
Accounts Payable & Accrued Vacation	(26,636)	(48,981)
Loans Payable	(111,328)	(115,469)
Contracts Payable	2,019,376	(222,769)
Total Adjustment	(1,051,709)	4,914,890
Net Cash Provided/(Used) by Operating Activities	(2,692,086)	8,796,253
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Investing Activities		
Sale/(Purchase) of Investments	83,009	(5,902,985)
(Purchase)/Disposal of Equipment & Improvements	(72,480)	
Net Cash Provided/(Used) by Investing Activities	10,529	(5,902,985)
Net Increase/(Decrease) in Cash and Equivalents	(2,681,557)	2,893,268
Cash and Equivalents, Beginning of Year	6,999,177	4,105,909
Cash and Equivalents, End of Year	\$ 4,317,620	\$ 6,999,177
<i>Supplemental Disclosure of Cash Flow Information</i>		
Interest Expenses Paid	\$ 34,092	\$ 43,352
Taxes Paid	657	320

INDEPENDENT TELEVISION SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Independent Television Service, Inc. (ITVS) was created by the community of independent producers and the Corporation for Public Broadcasting (CPB) under specific authorization of Congress as an independent service, operating in the public interest, to enhance the diversity and innovativeness of television programming available to public broadcasting. ITVS brings independently-produced, high-quality public broadcast and new media programs to local, national, and international audiences. The independent producers who create ITVS programs take creative risks, tackle complex issues, and express points of view seldom explored in the mass media. ITVS programs enrich the cultural landscape with the voices and visions of underrepresented communities, and reflect the interests and concerns of a diverse society.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recorded when rights to receive are earned, or when services have been provided and expenditures are recorded when obligation to pay is incurred.

Financial Statement Presentation

As required, the accompanying financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by the classification of net assets and transactions into the following classes of assets:

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time, and may be maintained permanently by the Organization.

The Organization uses net assets with donor restrictions in accordance with donor-imposed restrictions to support specific programs and associated administrative functions. Net assets without donor restrictions are used to support general programs and associated general and administrative functions.

INDEPENDENT TELEVISION SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Revenue Recognition

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) net assets with donor restriction are reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions

Generally accepted accounting principles require that the Organization reports information about its financial position and activities in two classes of net assets: without donor restrictions and with donor restrictions. Unrestricted contributions are recognized as increases in net assets without donor restrictions when received. Contribution restricted by donors may be reported as increases in net assets with donor restrictions, depending on the nature of the donor-imposed restriction. When restrictions are satisfied, either by the passage of time or by accomplishing the purpose, the net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the activity statement as net assets released from restrictions. When restrictions are satisfied in the same period as the receipt of the contribution, the Organization reports both the revenue and the related expense in the unrestricted net asset class.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consist of amounts due from funding sources, as described in Note 4, and are considered by management to be fully collectible.

INDEPENDENT TELEVISION SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Investments

Generally accepted accounting principles require that nonprofit organizations report certain investments at fair value. In accordance with that guidance, the Organization accounts for its equity securities that have readily determinable market values by recording and reporting those securities at fair value. Information about the fair value of investments and the unrealized gains and losses is discussed in Note 3.

Fair Value Measurements

Generally accepted accounting principles (GAAP) provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the input used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using best information available when there is little or no market

The Organization is required to measure certain investments at fair value in accordance with GAAP. The technique used to measure the fair value of investments is described in Note 3.

Fair Value of Financial Instruments

The carrying amounts of cash, cash equivalents, accounts receivable and other assets approximate fair values due to the short-term maturities of these assets.

Income Taxes

The Organization is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code and has been designated as an organization that is not a private foundation, during an advance-ruling period ending September 30, 1993.

INDEPENDENT TELEVISION SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns for years 2016 through 2018 are subject to examination by federal and state taxing authorities, generally for three years after they are filed.

Furniture and Equipment

Furniture and equipment are recorded at cost less accumulated depreciation. The Organization's policy is to capitalize asset purchases over \$500. The Organization capitalizes significant additions and improvements except for equipment purchases funded by foundation grants. Capitalized furniture and equipment are being depreciated using the straight-line half-year convention method over the estimated useful life of the asset. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is recognized as income for the period. The cost of maintenance and repairs is recorded as expense incurred.

Functional Expense Reporting

The costs of providing the Organization's programs have been summarized on a functional basis in these financial statements. Based on management estimates, costs have been allocated between programs and supporting services as they relate to those functions.

Comparative Information

The financial statements include certain summarized comparative information from the prior year. This information is presented in total and not by net asset class and does not include sufficient detail to be in conformity with generally accepted accounting principles. Such information should be read together with the Organization's financial statements for the year ended September 30, 2019, from which the summarized information was extracted. Certain amounts in the prior year financial statements have been reclassified for comparison purposes to conform to the current year presentation.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued an accounting pronouncement (FASB ASU 2016-02) related to the accounting for leases. This pronouncement requires lessees to record most leases on their balance sheet, while expense recognition on the income statement remains similar to current lease accounting guidance. The guidance also eliminates real estate-specific provisions and modifies certain aspects of lessor accounting. Under the new guidance, lease classification as either a finance lease or an operating lease will determine how lease-related revenue and expense are recognized. Lessees (for

INDEPENDENT TELEVISION SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2020

Recently Issued Accounting Pronouncements

capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2019 (i.e., January 1, 2020, for a calendar year entity), and interim periods within fiscal years beginning after December 15, 2020. Early application is permitted. ASU 2016-02 has currently no effect on the Organization's financials.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The standard permits the use of either the retrospective or cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers (Topic 606), which deferred the effective date of the new revenue recognition standard for one year. Then in June 2020 FASB issued ASU 2020-05, which deferred the effective date of ASU 2014-09 & 2016-14 for another year. The new standard is effective for the Organization July 1, 2020. The Organization is evaluating the effect that ASU 2014-09 will have on its financial statements and related disclosures.

COVID-19

In early March, the COVID-19 virus was declared a global pandemic, and it unfortunately continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments needed to be made to these financial statements as a result of this uncertainty.

NOTE 2 – CASH AND CASH EQUIVALENTS

The cash balance as of September 30, 2020 consisted of:

Interest Bearing Accounts – Beacon Business Bank	\$ 3,890,962
Money Market Account – Charles Schwab	426,358
Petty Cash	300
Total	<u>\$ 4,317,620</u>

INDEPENDENT TELEVISION SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2020

NOTE 2 – CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and Cash Equivalents are temporarily restricted until expended by the Organization for the purposes designated by related grant agreements.

At year ended September 30, 2020, the Organization had cash balances held at Beacon Business Bank in excess of limits covered by the Federal Deposit Insurance Corporation (FDIC) by \$3,817,320.

NOTE 3 - INVESTMENTS

The Organization's investments consist primarily of corporate notes, bonds and marketable securities. Investments are intended to provide income to be used in the Organization's programs. Restricted investments are used for purposes stipulated by donors, and the unrestricted portion has been designated to be used for management and general expenses. The fair values of investments that are measured on a recurring basis are listed below. The values presented are based on quoted prices in active markets (Level 1 inputs) as follows:

<u>INVESTMENT</u>	<u>COST</u>	<u>FAIR VALUE</u>
Corporate Bonds & Notes	\$ 27,819	\$ 25,594
Mutual Funds	7,122,288	7,134,296
Totals	<u>\$ 7,150,107</u>	<u>\$ 7,159,890</u>

NOTE 4 – GRANTS RECEIVABLE

Grants receivable consisted of the following as of September 30, 2020:

Corporation for Public Broadcasting	<u>\$ 12,462,327</u>
Grants Receivable-Other:	
Public Broadcasting Service	1,050,000
Fidelity Charitable	500,000
Ford Foundation	355,000
Wyncote Foundation	325,000
Park Foundation	100,000
National Endowment of the Arts	50,000
Total Grants Receivable-Other	<u>\$ 2,380,000</u>
Totals	<u>\$ 14,842,327</u>

INDEPENDENT TELEVISION SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2020

NOTE 4 – GRANTS RECEIVABLE (CONTINUED)

Grants receivable consisted of the following as of September 30, 2020:

Corporation for Public Broadcasting	\$ 12,462,327
Grants Receivable-Other:	
Public Broadcasting Service	1,050,000
Fidelity Charitable	500,000
Ford Foundation	355,000
Wyncote Foundation	325,000
Park Foundation	100,000
National Endowment of the Arts	50,000
Total Grants Receivable-Other	<u>\$ 2,380,000</u>
Totals	<u><u>\$ 14,842,327</u></u>

NOTE 5 – FIXED ASSETS

Fixed Assets at cost, as of September 30, 2020 consisted of:

Computer Equipment	\$ 149,236
Furniture & Fixtures	7,207
Office Equipment	5,058
Leasehold Improvements	1,281,276
Total Fixed Assets	<u>1,442,777</u>
Less: Accumulated Depreciation	<u>(676,782)</u>
Net Fixed Assets	<u><u>\$ 765,995</u></u>

The Organization incurred \$140,232 in depreciation expense and amortization of leasehold improvement for the fiscal year ending September 30, 2020.

NOTE 6 – CONTRACTS PAYABLE

Contracts payable represent producer licensing fees payable to independent producers. For the fiscal year ending September 30, 2020, ITVS committed funds to 19 new full length productions.

INDEPENDENT TELEVISION SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2020

NOTE 7 – LOAN PAYABLE

Loan Payable to Beacon Business Bank originated February 8, 2016. The loan bears interest at a rate of 4.25% per annum through the loan’s term, ending May 31, 2026. The balance at September 30, 2020 was of \$728,113. Principal maturities of loan payable for the next five fiscal years ending September 30th are as follows:

2021	\$	116,756	
2022		121,386	
2023		126,647	
2024		132,135	
2025		137,862	
Thereafter		93,327	
Total	\$	728,113	

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

The Net Assets balance as of September 30, 2020 for donor restricted funds represents the unspent portion of grants recorded as the current year and prior year’s increase to net assets balance in accordance with the requirements of Accounting for Contributions Received and Contributions Made. These funds are restricted for use in future fiscal years for the purpose set forth in the grant documents.

The details of donor restricted net assets as of September 30, 2020 are as follows:

CPB Production Funds	\$	7,356,614
Foundation Special Projects		6,285,440
Total	\$	13,642,054

NOTE 9 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from funding restrictions by committing production licensing agreements to independent producers, promoting their shows upon completion, and by producing two television series for Public Television.

INDEPENDENT TELEVISION SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2020

NOTE 9 – NET ASSETS RELEASED FROM RESTRICTIONS (Continued)

The details of net assets released from restrictions as of September 30, 2020 are as follows:

Licensing Fees	\$ 7,965,113
Production Support	2,413,319
Communication	3,518,735
Programming	976,858
Business Affairs	453,507
Special Projects	6,402,112
Management & General	2,200,000
Total	<u>\$ 23,929,644</u>

NOTE 10 – COMMITMENTS

ITVS leases an office space at 1435 Folsom Street, San Francisco, CA. which commenced on June 1, 2016 and expires on May 31, 2026. ITVS maintains a security deposit of \$110,000 for leasing of the property. At September 30, 2020, the rental expense is \$555,593.

The Organization's future minimum lease payments are as follows:

<u>September 30,</u>	<u>Property Lease</u>
2021	\$ 572,261
2022	589,428
2023	607,111
2024	619,133
2025	637,704
Thereafter	101,245
Total	<u>\$ 3,126,882</u>

NOTE 11 – SIGNIFICANT CONCENTRATIONS

ITVS received approximately 78% of its support and revenue from the Corporation for Public Broadcasting. A significant reduction in the level of this support may have an adverse effect on the Organization's ability to continue its programs and activities, which are funded by this grantor.

NOTE 12 – DEFINED CONTRIBUTION PLAN

The Organization also has a qualified defined contribution pension plan (403b) covering substantially all employees after attainment of specified periods of service. The plan includes an Organization match of employee's contributions up to 5% of a participant's salary. Pension expense under this plan was approximately \$388,609 in year ended September 30, 2020.

INDEPENDENT TELEVISION SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2020

NOTE 13 – LIQUIDITY & AVAILABILITY

Cash and Cash Equivalents	\$ 4,317,620
Investments	7,159,890
Grants & Contract Receivable	<u>14,842,327</u>
Total Liquid Financial Assets	26,319,837
Less: Current Liabilities & Net Assets With Donor Restriction	<u>(22,798,999)</u>
Financial Assets Available to Meet Cash Needs of General Expenditures within One Year	<u>\$ 3,520,838</u>

NOTE 14 – SUBSEQUENT EVENTS

Management of the Organization has reviewed the results of operations for the period of time from its year end September 30, 2020, through March 16, 2021, the date the financial statements were available to be issued and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.